



**ISSUE HIGHLIGHTS:**

- FIA WINS BUDGET TAX CUTS
- SALES TAX STANDARDIZATION

**INDUSTRY TAX CUTS**  
... In Legislators' Budget

FIA was successful in getting a 25 percent reduction of the Ton Mileage Tax (TMT) included in the state budget passed on April 14 by the legislature. The 25 percent reduction will mean millions to grocery retailers, wholesalers and manufacturers. The trucking industry as a whole anticipates \$36 million in savings. FIA collaborated with the Motor Truck Association and met frequently with legislative leadership to ensure the reduction was incorporated into the budget sent to the Governor. The TMT reduction was not part of the Governor's original package and had to be added by the legislature.

FIA supported several other tax cuts that made it into the budget. The Beer Excise Tax will be reduced from 16 cents per gallon to 13.5 cents per gallon, totalling \$7 million in savings, effective January 1, 1999. The Corporate Franchise Tax will be reduced from nine percent to seven and a half over three years. The current nine percent rate is reduced to eight and a half effective July 1, 1999; then further reduced to eight percent effective July 1, 2000 and to seven and a half effective July 1, 2001. The current eight percent rate for small businesses is reduced to seven and a half effective July 1, 1999. An estate tax exemption for family owned businesses will be enacted. The popular tax-free clothing weeks were also adopted in the state budget. The weeks of September 1-7, 1998 and January 17-24, 1999 will be state sales tax-free for all clothing and footwear under \$500. Effective December 1, 1999, clothing and footwear under \$110 will be permanently state sales tax-free.

In sharp contrast to past years, state lawmakers passed the \$71.4 billion dollar budget without the usual acrimony. Unlike past budgets, this year's plan was largely negotiated during a series of public bi-partisan legislative conference committee hearings. In addition, Senate Majority Leader Joseph Bruno and Assembly Speaker Sheldon Silver credit the state's two billion dollar surplus with easing the negotiations. Every legislator seemed to get something they wanted in this budget. Governor Pataki, left out of the public negotiations, has ten days from the time he received the budget to decide whether to use his line item veto power. That decision will have been made by the time the legislature reconvenes on April 29.

**TAX DEPARTMENT**  
**INVESTIGATING**  
... Tax Standardization

FIA met recently with Michael Urbach, Commissioner of the NYS Department of Taxation and Finance, to urge the Tax Department to expand its recent proposal to standardize the sales tax for large and small marshmallows (March *FoodScan*) to other items that are not taxed in a uniform manner such as chocolate, shampoo, Tang, peanuts and cotton, to name a few. FIA emphasized it is the uneven application of sales tax, confusing to both retailers and consumers alike, not the sales tax itself that concerns retailers. Commissioner Urbach expressed support for FIA's proposal, agreeing that the current interpretation of the Tax Law is confusing and not user-friendly. FIA has supplied the Department with a list of items to be standardized. During the FIA meeting, Commissioner Urbach instructed his staff to look into ways to standardize the tax status of these items without impacting overall sales tax revenues.

**GOV SIGNS**  
... Pharmacy Bill

Governor Pataki signed into law S.6170/A.8895, which allows pharmacies to participate in the state's Medicaid managed care program. This law will prevent HMOs from dictating where Medicaid patients obtain prescriptions. The Governor vetoed similar legislation in the past. Effective 7/18/98.

**NEW BILLS & UPDATES:**  
... Pre-Packaged Salads

A.9890 by Assemblywoman Pheffer (D-Queens) requires signage telling customers they must wash pre-packed salads before consumption. Reported out of committee.

... HACCP

A.9898 by Assemblyman Parment (D-Chautauqua) authorizes supermarkets to implement Hazard Analysis Critical Control Point (HACCP) programs including self-inspections on a voluntary basis. Although it would not replace inspections by the Department of Agriculture & Markets, the HACCP program would be recognized and approved by the Department. FIA made this proposal at a state legislative food safety hearing earlier this year. Reported out of committee.

... ATMs

A.10182 by Assemblyman Diaz (D-Bronx) requires ATMs to dispense money in \$10 increments instead of the current \$20.

... Wine in Gift Baskets

S.6911/A.10080 by Senator Kuhl (R-Steuben) and Assemblyman Schimminger (D-Erie) allows retailers selling off premises beer to include a bottle of wine in gift baskets if the customer brings the bottle into the store for that purpose.

... Milk Transportation

S.6789/A.9311 by Senator Velella (R-Bronx) and Assemblyman Klein (D-Bronx) requires milk to be transported at a maximum temperature of 41 degrees.

... Tobacco Advertising

S.6903/A.10679 by Senator Spano (R-Westchester) and Assemblyman Eve (D-Erie) prohibits tobacco advertisements and promotions within 1,000 feet of a facility serving children.

... Tobacco Taxes

S.6863/A.10673 by Senator Farley (R-Schenectady) and Assemblyman Tonko (D-Schenectady) imposes taxes on tobacco in Schenectady to fund the Metroplex project in that city and to lower local property taxes county-wide.

**WELFARE TO WORK**  
... Moving Forward

FIA member response to the Governor's Welfare to Work program has been positive. A number of Alliance members already are participating, including most of the major chains and several independents. NYS Labor Commissioner James McGowan described the program as a "win-win" for everyone involved. A participating company supplies the state with information on the types of jobs it is seeking and the skills needed to implement those jobs (*March FoodScan*). Based upon the employer's job descriptions, training will be provided at regional centers by the state at no expense to participating companies. The only obligation by involved companies is to include the state-trained applicants in their interviewing process. However, the state is offering tax incentives for hiring certain applicants. Participating companies who have not yet been contacted by the Department (or companies wishing to participate) may contact the Labor Department directly at 1-800-HIRE-992 or call FIA's Michael Rosen at (518) 434-1900, ext. 228.

**SHRINK SEMINARS**  
... June 9-10, 1998

FIA is hosting two retail shrink seminars in conjunction with the Food Marketing Institute. These outstanding seminars will be held on June 9 at the Crown Plaza LaGuardia and June 10 at the Rochester Marriott Thruway Hotel. For further information, or to register, contact Chris Pellnat at 1-800-344-2687, ext. 227.

**FOOD  
INDUSTRY  
ALLIANCE OF  
NEW YORK  
STATE, INC.**

printed on recycled paper

Advocates of the  
Food Industry  
Since 1900



50 Broadway  
New York, New York 10004  
Telephone: (212) 558-6500

PATRICIA BRODHAGEN, *FoodScan* Editor

130 Washington Avenue  
Albany, New York 12210  
Telephone: (518) 434-1900

SUSAN SCHIANO, *Associate Editor*